

MEMORANDUM

To: Seth Otto - Maul Foster & Alongi, Inc. (MFA)
From: Eric Hovee
Subject: Overview Market Assessment for Leichner Landfill Master Plan
Date: March 12, 2014

On behalf of MFA and Clark County, this memorandum provides an overview market assessment for reuse of properties associated with the Leichner Landfill Master Plan process. While this analysis addresses reuse opportunities for the entire 128-acre master plan area, primary focus is on development potentials for the 35-acre Koski property at the southern portion of the overall site assemblage.

Also addressed are opportunities for the adjoining 9.45 acre Fleischer property, made possible through a recently awarded Integrated Planning Grant (IPG) to Clark County. With this addition, the land area affected now encompasses a potential 137+ acre property assemblage.

Purposes of this Phase 1 overview assessment are to:

- Identify and briefly evaluate a wide range of potential development options – industrial, residential, recreation and open space uses, and possible mixed use development.
- Describe market trends, site advantages and disadvantages, potential economic returns, key issues to be addressed, and implementation requirements for each use considered.

This Phase 1 overview market assessment has been conducted as part of the Task 3 Reuse Analysis report in advance of convening a real estate expert panel and first public open house. Results of this assessment will serve as background information for these outreach discussions.

In response to input received from the real estate expert panel, public open house and design charrette, Phase 2 assessment refinement will involve the narrowing of reuse options in consultation with Clark County. For each reuse option, EDH will further evaluate market support (in terms of land needs and time required for land absorption), supportable land pricing (net of remediation/ monitoring costs), and resulting economic benefits (including jobs plus direct tax revenues to Clark County).

LEICHNER MASTER PLAN AREA PROPERTY PROFILE

This market overview report begins with a brief profile of the Leichner landfill master plan area – including discussion of property location, ownership/parcelization, background, land use and zoning, infrastructure, and environmental considerations.¹

Location. As depicted by the map on the following page, the approximately 128-acre Leichner landfill master plan area is located on the east side of NE 94th Avenue, with the southern boundary of the site situated approximately 0.3 miles north of the Padden Parkway. The northern boundary of the site extends just beyond what is planned as the future extension of NE 99th Street.

The property offers convenient access for auto and truck traffic to the interstate freeway system. An interchange with the I-205 freeway is located less than one mile west of the intersection of the Padden Parkway with 94th Avenue.

Ownership & Parcelization. The 128-acre site is owned by Clark County and comprised of:

- Koski Property (approximately 35 acres – as a primary focus of this market analysis)
- Closed landfill (74 acres)
- Future set aside for 99th Street right of way (11 acres)
- Vacant potential residential area (8 acres)

Immediately north of the Koski property and west of the closed landfill is a privately owned holding of approximately 9.45 acres (the Fleischer property). As a result of a recently awarded Integrated Planning Grant (IPG), this property is now being included with this master plan process – as part of a total 137+ acre assemblage.

Background. Clark County acquired 128-acres from the Leichner Brothers Land Reclamation Company (LBLRC) in 2012. The property previously was operated as the primary landfill and disposal site in Clark County from 1935 to 1992 (with site closure).

Currently, the entire property is jointly managed by the Washington State Department of Ecology (WADOE), City of Vancouver and Clark County through a series of agreements including a Consent Decree dating back to 1987. Under the terms of the Consent Decree, none of the County-owned properties may be developed until such time a certificate of completion of post-closure is issued pursuant to state statute.

¹ Information for this Leichner general market study has been obtained from sources generally deemed to be reliable. However, the accuracy of information obtained from third party sources is not guaranteed and is subject to change without notice. The observations and findings contained in this report are those of the author. They should not be construed as representing the opinion of any other party prior to their express approval, whether in whole or part.

Source: Aerial photograph obtained from Esri/GeoEye; Outline, parcels and roads obtained from Clark County; area designations based on Clark County map, "Leichter Properties Acquisition II" at <http://www.clark.wa.gov/geoinfo/services/openlayers/images/djv2d/leicher2.jpg>.

DRAFT

**Fleischer Property
Leichter Campus**
Clark County
Vancouver, Washington

Legend

- Current Extent of Master Plan Boundary
- Fleischer Property
- County-owned Property

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0 200 400 Feet

*E.D. Hovee & Company, LLC for MFA and Clark County:
Overview Market Assessment for Leichner Landfill Master Plan*

Land Use. All of the properties under current county ownership have minimal building improvements but have been almost entirely constrained by landfill-related uses. There are other site improvements that have occurred in conjunction with landfill closure, including a site cap on the former landfill, retention pond to the north, and monitoring facilities.

Surrounding property uses are primarily residential to the south and east. Land to the north includes a mix of residential and vacant undeveloped property. Land immediately to the west is either vacant or in industrial use (including on-going operations of Waste Connections just west of the landfill). Properties west of 94th Avenue are primarily residential.

Zoning. Of the County's 128 acre ownership, 120 acres are zoned IL for light industrial (ML) use – also reflecting the Comprehensive Plan designation for the site. The 8 acre area at the northern edge of the site is zoned R1-7.5

All of the adjoining private property situated between the County-owned landfill site and 94th Avenue is designated for light industrial (IL) use. This designation includes the continuing operations of Waste Connections and also a small number of properties with existing residences.

The surrounding neighborhood area (on all sides) is zoned for single-family residential (R1) use, with allowed densities going as high as 12 units per acre. The Leichner master plan area is situated within the County's Sunnyside Neighborhood Association which has been identified by Clark County as inactive (as of 2012).

The *R1.5 residential* designation for the northern 8 acres of the site allows development of single family densities on lots ranging from 7,500 to 10,500 square feet in size.

The *IL light industrial* designation allows for a wide range (of all but the heaviest) agricultural, utility, construction, manufacturing, wholesale trade, transportation and warehousing uses on an outright permitted basis. Also allowed as permitted uses are a number of office and service related activities though it is noted that some educational and major health care uses are either excluded or allowed on a conditional use basis with limitations.

Retail including food service uses except for auto/motor vehicle dealers and general merchandise stores are generally allowed – though some retail uses are limited to a maximum of 10% of gross floor area of all buildings on the development site. Gasoline stations are a conditional use.

Within the IL designation, parks, trails and related uses are permitted only in association with a permitted use. Fitness/recreational uses are allowed permitted subject to the same size limitation as retail. Golf courses and country clubs are not allowed.

Accommodations (as with hotels/motels) are specifically prohibited. New residential uses are not allowed except as accessory uses (such as a caretaker, security or manager residence).

With this market analysis, only those uses as consistent with current applicable zoning are considered as viable for the industrial and residentially zoned portions of the master plan area.

Infrastructure. Access to the County-owned property, in particular, the Koski portion is via NE 94th Avenue, a Clark County arterial. This arterial is considered as generally adequate to accommodate existing residential as well as light industrial use, though improvements could be required with additional development.

NE 94th Avenue is anticipated to be widened, with new utilities and access to the Koski/Leichner site. The project is currently in design, with construction targeted to start in 2015. NE 99th Street is planned to be extended through the northern part of the site by Clark County, but with construction in 8-10 years and no funding committed to date.

Full public utilities currently appear to be available, generally from NE 94th Avenue. Sewer is provided by the Clark County Wastewater District and water by Clark Public Utilities (CPU). Electric service is also available via CPU; telephone and cable service is also understood as being available to the site. Natural gas is available though likely not in quantities adequate to serve major new industrial use(s) of the Koski and possibly the Fleischer properties.

Environmental. As noted, the entire 120 acres of the industrially designated property are encumbered by a Consent Decree under the jurisdiction of WADOE. Future encumbrances during and after development will include needed access to landfill monitoring facilities.

The property does not appear to be located in a flood plain according to FEMA maps. No significant wetlands are identified with the exception of an approximately 0.75 acre wetland associated with the former landfill area.

The *74 acre former landfill* is not expected to be available for reuse that would involve significant structures. It is possible that some passive recreation-related uses together with at-grade parking might be considered on this portion of the property.

However, recreation uses such as sports fields that involve flat sites are not likely to prove viable. This is because the capped site is mounded rather than level. Further leveling of the site without penetrating the existing landfill cap is not expected to prove viable from the joint perspectives of acceptable financial feasibility and risk management. These factors are considered in considerable detail with the prior *Fatal Flaw Analysis* and current more in-depth planning analyses by MFA and BergerABAM.

Based on the Consent Decree and a 2012 *Fatal Flaw Analysis* conducted for the site, it appears that the only portion of the industrially designated acreage suitable for future development with significant structures will be the *35 acre Koski property*. While not part of the landfill, overburden was removed from this area as part of the landfill cap.

Placement of additional fill on the Koski site may be needed before industrial or related development can occur. Development will be possible to the extent that this property is

released from the provisions of the existing Consent Decree, or via other similarly permissive amendments.

Based on prior real estate appraisal analysis conducted for Clark County, it is anticipated that environmental and regulatory issues will affect the cost of making the Koski property marketable for future development. These cost factors may be expected to include allowances for the following extraordinary factors:

- Cost of a geotech study
- Legal fees in conjunction with a proposed release and/or permissive amendment from the WADOE Consent Decree
- Extraordinary site preparation to replace overburden removed for the landfill cap
- Capital and on-going costs of site monitoring
- Time discount covering the period to achieving relief from the consent decree
- Added profit margin associated with higher risk of redeveloping a brownfield property

To be competitive for development, pricing of the Koski property will need to be adjusted for these factors and/or responsibility for mitigation undertaken by the County rather than the site developer.² In effect, the *net cost* to the site developer will need to be comparable to the fair market price of comparable *shovel ready* properties (free of such encumbrances) *minus* the cost to the site developer of addressing these extraordinary cost factors.

The *8 acres of residential property* at the north of the site were donated by LBLRC to Clark County after the County had purchased the initial 120 acres of industrially designated property. As with the Koski property, the residential acreage served as a borrow site during the closure of the landfill. While not designated as wetlands, this area is subject to annual flooding from rising ground water table and stormwater runoff.

Summary Notes. Prospective market opportunities for reuse of the Leichner landfill master plan area are shaped by existing location, ownership, zoning, infrastructure and environmental considerations. Based on this review, the 35-acre Koski site (plus the adjoining privately owned 9+ acre Fleischer property) presents the most viable opportunity for industrial development and also for related flex, office and supportive retail activity. The 8-acre property at the northern edge of the site is appropriately zoned and may be considered for residential use but with development likely tied to the extension of NE 99th Street.

These conditions serve as a starting point around which the rest of this market assessment is organized.

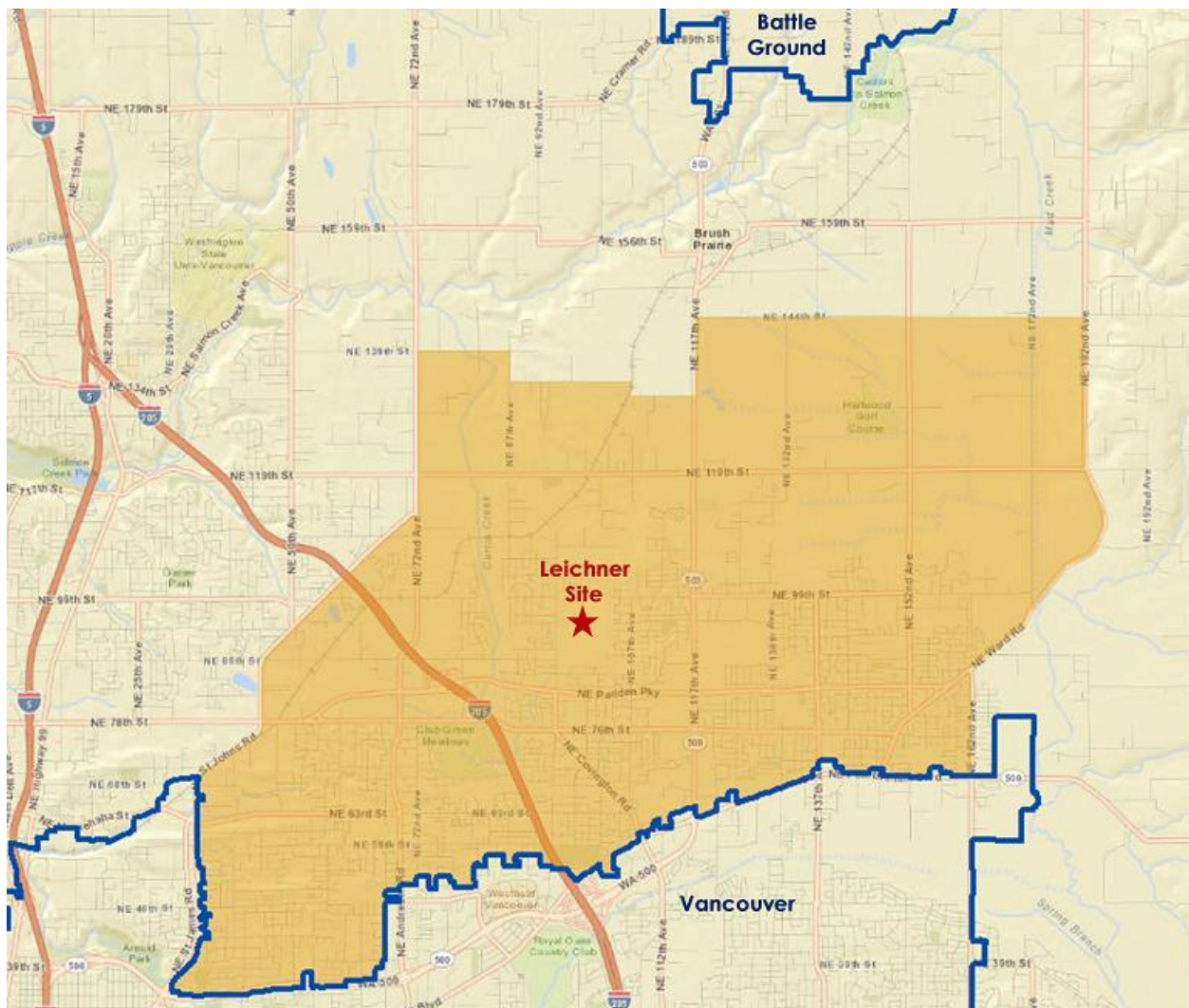
² In addition to extraordinary site costs, it is possible that valuation of the Koski property may also need to be adjusted for site configuration with minimal street frontage relative to site depth.

LEICHNER MARKET AREA

Three geographic market areas are identified as a basis for evaluating potential opportunities for industrial, flex, office, retail, recreation/open space and mixed use development:

- **Leichner Submarket Area** – as the unincorporated portion of Clark County extending from Vancouver’s City limits and St. Johns Road to about the Brush Prairie area on the north and to the vicinity of Ward Road /NE 182nd Avenue on the east.
- **Clark County** – encompassing incorporated and unincorporated areas of Clark County.
- **Portland-Vancouver metro area** – a seven county economic region as defined by the U.S. Census Bureau including Clark and Skamania County (in Washington state) together with Multnomah, Washington, Clackamas, Columbia and Yamhill Counties (in Oregon).

Leichner Landfill Master Plan Submarket Area



As illustrated by the map on the previous page, I-205 and the Padden Parkway serve as the primary north-south and east-west transportation corridors through the submarket area. The majority of comparable industrial / commercial property is located in proximity to I-205 and the Padden Parkway; residential uses are more dispersed throughout this submarket area.

The Portland-Vancouver metro area serves as the broader geographic context from which it is useful to profile economic trends affecting this integrated, bi-state regional economy. Due to a state boundary, limited river crossings between the two states, and property ownership by Clark County, it is also useful to describe distinct characteristics of the Clark County portion of the full metro economy.

Primary attention in this report is given to the more localized Leichner setting. Whether for industrial or other uses, this geography also comprises properties which may be both complementary to and competitive with portions of the Leichner Landfill Master Plan that are considered suitable for future development.

Based on this defined set of market areas, this assessment now turns to a brief review of market area demographics – followed by discussion of real estate products that might reasonably be considered for reuse with developable portions of the Leichner master plan area.

Demographic information utilized with this analysis is from the national data firm Claritas. Real estate information is primarily from CoStar, a nationally recognized commercial real estate data provider.

MARKET AREA DEMOGRAPHICS

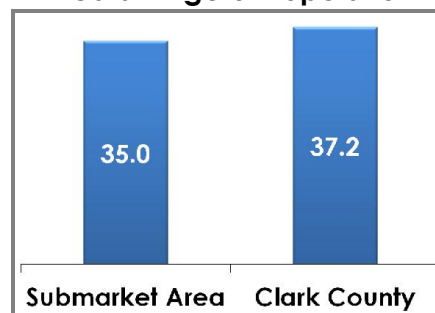
Population of the market subarea in which the Leichner property is located is estimated at 61,400 as of 2013. After increasing by nearly 33% in the decade of 2000-10, population is expected to be up by a more modest pace of an added 7% in the next five years. This is a somewhat faster rate of growth than forecast for all of Clark County.

Demographic data from Claritas is detailed by the Appendix to this report. A synopsis of key characteristics is outlined below (and shown by the graphs to the right):

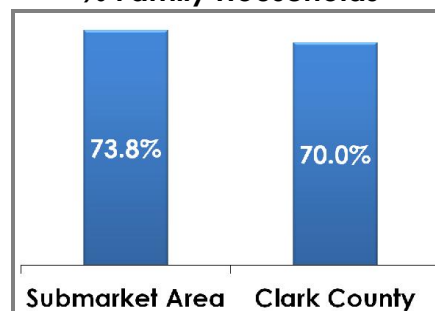
- Median age of population is below that of Clark County (at 35.0 versus 37.2 years). The submarket has above average proportions of residents at all age groups up to 44 and is under-represented for adults at ages of 45+.
- 74% of households are comprised of families (compared to 70% of households countywide).
- Less than 20% of submarket area adults have a bachelor's degree or better (as compared with close to 25% countywide).
- At nearly \$54,300, median household income is about 1% above the median for Clark County.
- Close to 45% of employed residents work in blue collar or service occupations (as compared with less than 40% county-wide). Occupations with above average representation in this market subarea include persons employed in building grounds maintenance, healthcare support, maintenance repair, office and administrative support, production, personal care and services, and transportation and moving services.

A somewhat higher proportion of persons living in this submarket are in the labor force and employed than is the case county-wide. Other characteristics of submarket area residents – covering such factors as race/ethnicity, marital status, vehicle ownership, and means of transportation and average travel time to work – are generally similar to those of all Clark County residents.

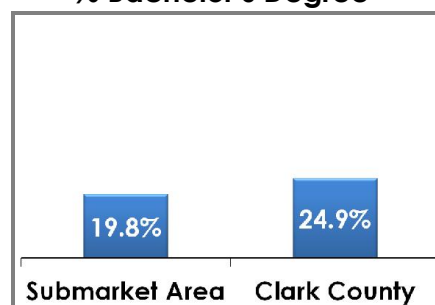
Median Age of Population



% Family Households



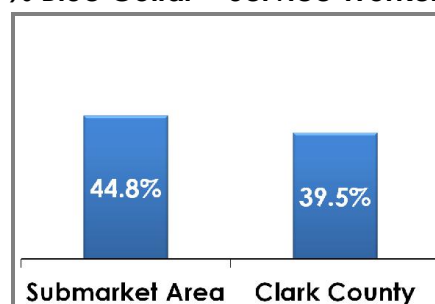
% Bachelor's Degree+



Median Household Income



% Blue Collar + Service Workers



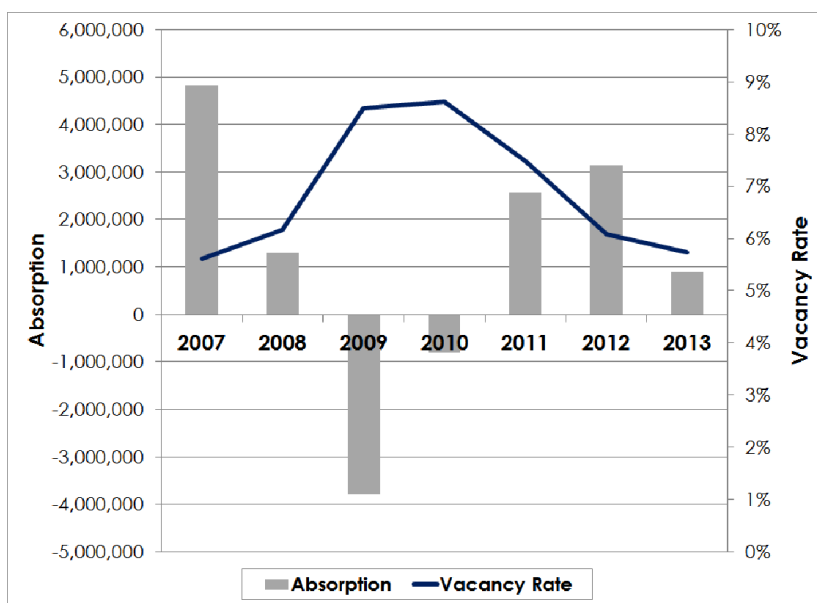
INDUSTRIAL MARKET

Discussion of uses that might be considered for reuse of some portion of the Leichner master plan area begins with industrial activity – including a review of trends regionally and locally.

Regional Market. The graph to the right compares patterns of vacancy and building space absorption for the Portland-Vancouver industrial market pre- and post recession. The recession was accompanied by negative net absorption (meaning that vacated space outpaced new leases) in 2009-10, with industrial vacancies peaking at 8.6% in 2010.

Economic recovery became apparent for the region's industrial space in 2011. By (2013), vacancies had dropped back to below 6% – at close to pre-recession levels.

PDX Metro Industrial Absorption/Vacancy (2007-13)



Sources: CoStar and E. D. Hovee & Company, LLC.

Leichner Submarket Area. As depicted by the following chart, the Leichner submarket area comprised a total of 2.2 million square feet of industrial space as of year-end 2013.

Comparative Industrial Market Indicators (Year-End 2013)

	Submarket Area	Clark County	Portland Metro
Total Inventory (SF)	2,219,972	19,344,114	191,085,618
% Warehouse/Distribution	79.32%	66.65%	69.67%
% Other	20.68%	33.35%	30.33%
Vacancy Rate	4.60%	4.80%	5.70%
Average Age (in years)	26.8	32.0	41.7
Net Absorption (2013)	134,451	75,340	964,986
Planned SF	182,713	784,213	5,235,418
Construction SF	0	70,000	897,675
Rental Rates (nnn)			
Average	\$6.64	\$6.18	\$5.30
Range	\$5.40-\$11.88	\$3.00-\$16.25	\$2.16-\$42.60

Sources: CoStar and E. D. Hovee & Company, LLC.

This submarket represents about 11% of the total Clark County industrial inventory of over 19 million square feet and 1% of the more than 191 million square feet of competitive industrial space throughout the 7-county Portland metro region.

Key features of the Leichner industrial space inventory are noted as follows:

- Nearly 80% of the submarket's industrial inventory consists of warehouse/distribution space – a higher proportion than county or region-wide. The remainder of the industrial inventory is comprised of manufacturing or other unspecified space uses.
- The reported local vacancy rate is 4.6%, below both county and region-wide vacancies.
- Rental rates average between \$6 and \$7 per square foot per year both locally and county-wide – higher than the average rates reported region-wide. Also noted is that rates vary considerably between users – depending on factors such as size and quality of space available.
- For the 2013 calendar year just completed, net absorption locally (defined as new leases *less* new vacancies) was close to 135,000 square feet. Demand was actually stronger for this submarket than elsewhere in the county – with the remainder of Clark County experiencing negative absorption. This I-205 submarket accounted for 14% of net industrial space demand throughout the 7-county metro region.
- With 118 buildings inventoried, the “typical” industrial structure averages less than 20,000 square feet in size. As detailed by the Appendix to this report, there are nine industrial properties of 50,000 square feet or more in the Leichner market area. The largest is the 200,000+ square foot Barberton Industrial Park.
- CoStar indicates that 183,000 square feet of industrial space is planned for future development – mostly on NE Minnehaha Street. Planned buildings would range from about 6,000 to just over 40,000 square feet in size. However, no projects are indicated as being under construction at present.

Summary Notes. Industrial demand for space in the Leichner submarket area appears to be relatively robust compared to the rest of Clark County and the metro region. This area benefits from proximity to the I-205 corridor combined with good local arterial access.

The I-205/I-5 freeway system provides good access north to the Puget Sound and south to the Portland International Airport as well as east via I-84 or south on I-5 to Willamette Valley and California destinations. The Leichner site is also well positioned to draw from a substantial blue-collar labor force nearby.

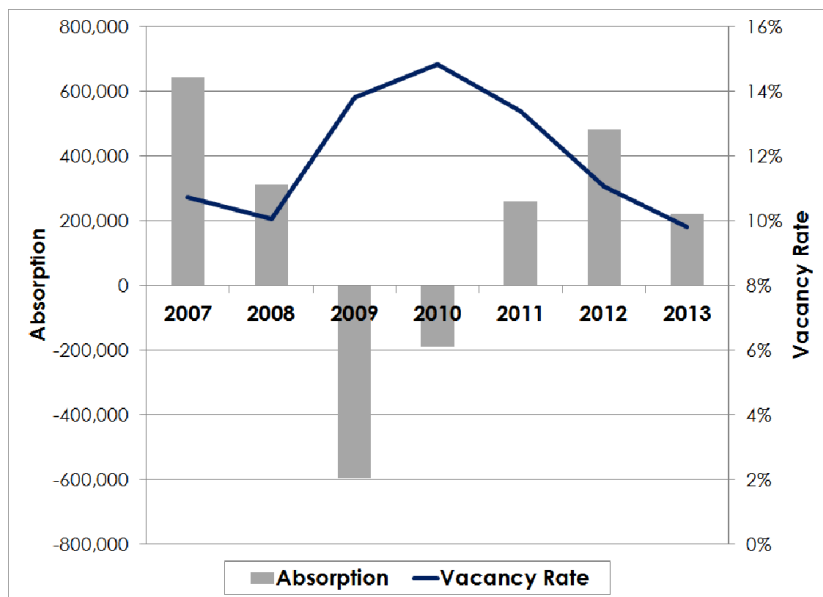
FLEX SPACE

Flex space represents a relatively new commercial real estate product type – a hybrid of traditional office and industrial space. CoStar defines *flex* as a type of building designed to be versatile; at least half of the rentable area of the building must be used as office space. Flex buildings typically are zoned light industrial and have ceiling heights under 18 feet.

Regional Flex Market. As of year-end 2013, there was an estimated 18.6 million square feet of flex building space region-wide. To date, the flex market comprises less than 10% as much building space as the traditional industrial market.

However, flex space has become a significant part of the commercial development product in some submarkets of the region. This is especially the case for Washington County's Sunset Corridor.

PDX Metro Flex Absorption & Vacancy (2007-13)



Sources: CoStar and E. D. Hovee & Company, LLC.

The pattern of absorption and vacancy from 2007-13 parallels that of office space regionally. Vacancies peaked at nearly 15% in 2010 but have since dropped to the range of 10%. Unlike industrial (and office) space, flex vacancies are now lower than they were pre-recession.

Leichner Flex Submarket. Just over 600,000 square feet is identified by CoStar as comprising the flex space inventory in the Leichner submarket area. As depicted by the following chart, the Leichner submarket area represents approximately 26% of the Clark County and 3% of the Portland metro inventory of flex space.

Comparative Flex Market Indicators (Year-End 2013)

	Market Area	Clark County	Portland Metro
Total Inventory (SF)	600,391	2,317,855	18,629,441
Vacancy Rate	14.90%	15.10%	10.00%
Net Absorption (2013)	19,777	(104,991)	219,356
Planned SF	66,753	200,652	474,652
Construction SF	0	0	1,910,911
Rental Rates (nnn)			
Average	\$7.42	\$8.66	\$9.40
Range	\$3.60-\$13.20	\$3.60-\$19.00	\$3.60-\$23.00

Sources: CoStar and E. D. Hovee & Company, LLC.

Key findings for this emerging real estate product type for the Leichner submarket include the following:

- With 38 identified flex buildings, the average flex building is relatively small at just under 16,000 square feet in size. The largest local flex buildings are in the 40,000 square foot size range. As detailed by the Appendix to this report, the largest flex property owner is Eastridge Business Park with more than 335,000 square feet in multiple buildings.
- Vacancies for this submarket and all of Clark County remain relatively high at about 15%, compared with 10% for the greater metro region.
- Average rental rates are somewhat higher for flex space than industrial – but with less of a premium indicated for the Leichner subarea than for the rest of Clark County or metro area. This appears to be due, at least in part, to less product availability at the premium or high end of the rental rate spectrum.
- For the 2013 year just completed, positive absorption was reported for the Leichner submarket, while net space loss is indicated for the rest of Clark County.
- No new flex space construction is indicated as being underway anywhere in Clark, not surprising given continued high vacancy rates. On the Oregon side of the Columbia River, there is considerable new construction underway that will increase the region's flex space inventory by more than 10% when completed.
- Planned flex projects are indicated for the Leichner submarket – with three buildings planned for light manufacturing use at the Padden Parkway Business Park. One building is planned at under 10,000 square feet and two are in the range of 30,000 square feet each. Planned projects in Clark County account for more than 40% of what is planned regionally – with actual construction likely dependent on reduced vacancies or pre-leasing in advance of development.

Summary Notes. As with industrial, the Leichner submarket represents an important part of Clark County's as yet embryonic flex space market. Flex is likely to represent a lesser component of Koski property development at least near term until vacancies are reduced and supportable rent rates increase.

Earlier construction might occur as a build-to-suit or pre-lease for a specific user. Curb appeal and a master planned development image will also be more important to secure flex development than for a traditional industrial-distribution use.

OFFICE SPACE

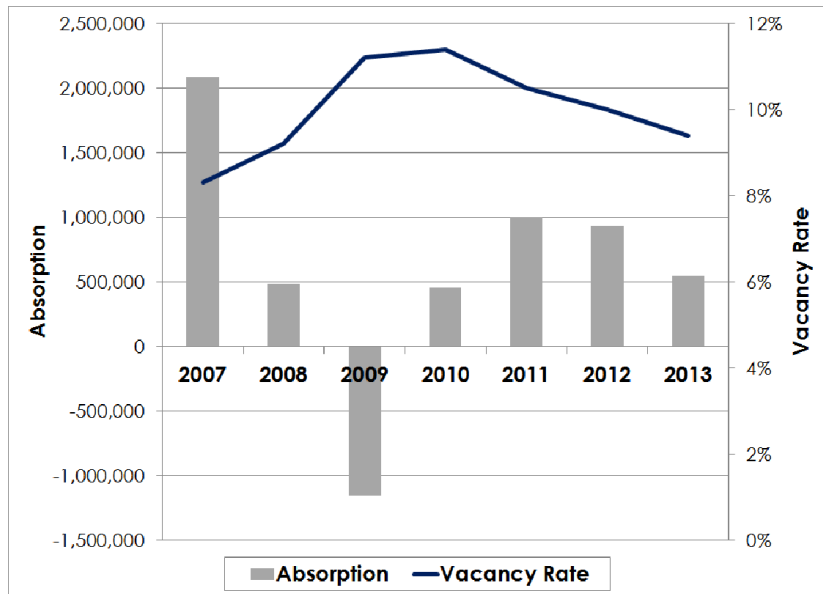
Due to industrial zoning of the Koski property, commercial office space is not expected to serve as the primary component of a site redevelopment program. However, it is possible that office and/or office/flex could prove complementary to industrial for portions of the property. This could occur, for example, at the eastern end of the site or with inclusion of the Fleischer property for added site area fronting NE 94th Avenue.

Regional Office Market. As with industrial and flex uses, 2007 was the last year of robust absorption and low vacancies before the recession. The metro area market experienced negative absorption of nearly 1.2 million square feet in 2009 (with lease terminations far outpacing new lease transactions), and with vacancies peaking in 2010 at 11.4%.

Since 2010, vacancies have been reduced each year – back to just over 9% as of 2013. Absorption is again positive, just not at the robust pace realized before the recession – and with some drop-off in activity in 2013.

Mediocre job growth has contributed to a weaker recovery of office space demand than has been the case with other forms of commercial investment property. The office market could change for the better as job growth continues and vacancy rates are further reduced.

PDX Metro Office Absorption & Vacancy (2007-13)



Sources: CoStar and E. D. Hovee & Company, LLC.

Relatively low vacancies (of 7% or less) are now reported for some submarkets such as Airport Way, in-city areas of Portland, and Central Vancouver. High vacancy rates (of 15%+) continue for Beaverton/217, Kruse Way, Sherwood and Tualatin (on the Oregon side of the Columbia River) – and for Orchards and Camas-Washougal (in Clark County).

Office development also can occur even amid higher localized vacancies for end-users as on a build-to suit basis. This type of user-driven office development often takes place in conjunction with adjoining industrial facilities owned by the same firm.

Leichner Office Submarket. As of year-end 2013, the Leichner submarket area comprises less than 275,000 square feet of office space – less than 3% of the county-wide office inventory. Key characteristics of the office market for this submarket in comparison with all of Clark County and the metro area are provided by the chart on the following page.

Comparative Office Market Indicators (Year-End 2013)

	Submarket Area	Clark County	Portland Metro
Total Inventory (SF)	273,826	10,929,488	98,305,980
% Class A	0%	20%	28%
% Class B	39%	55%	45%
% Class C	61%	26%	27%
Vacancy Rate	18.10%	10.10%	9.20%
Net Absorption (2013)	10,483	11,139	520,931
Planned SF	12,000	1,155,004	4,147,993
Construction SF	0	23,521	390,182
Rental Rates (fsg)*			
Average	\$12.56	\$20.34	\$20.73
Range	\$12.00-\$15.00	\$7.80-\$45.00	\$7.80-\$45.00

*Note: There were no Submarket Area rental rates reported as full service gross, so the rents in the table are modified gross.

Sources: CoStar and E. D. Hovee & Company, LLC.

Other features of the Leichner office submarket CoStar inventory are noted as follows:

- With 50 buildings in the Leichner submarket, the typical office building averages less than 5,500 square feet in size. Only 8 buildings have more than 10,000 square feet of rentable area; there are three buildings in the range of 20-25,000 square feet. The largest owner of office properties is EastRidge Business Park totaling 89,000 square feet.
- In contrast with the rest of the county and region, this submarket currently has no properties identified as Class A office space; over 60% is classified as Class C space.
- The reported local submarket vacancy rate is over 18%, well above the 9-10% vacancy rate range noted for office space county-wide and regionally.
- Indicated local rental rates are noted as being substantially below those reported for office space county-wide and regionally. In part, this is due to a high proportion of Class C space; it also indicates the challenge for developing new product that undoubtedly will require higher rents than are currently the case to be financially feasible.
- A good sign is that this submarket experienced positive space absorption in 2013, accounting for a substantial share of the net space absorption in Clark County. However, county-wide absorption remains anemic as a share of regional office demand which itself has not yet recovered to anywhere near pre-recession levels.
- There is no construction currently underway within the local submarket and only limited office space being constructed county- and region-wide. However, there is now a considerable backlog of over 4.1 million square feet of office space planned within the metro area – including 1.2 million square feet in Clark County. One medical building is currently identified by CoStar as planned for the Leichner submarket area.

Summary Notes. Due to limited existing submarket presence coupled with high vacancies, and low rents, office space is not anticipated to be a major component of demand for the Koski property. Suitability of the site is further limited by the relatively deep configuration of the site with limited street exposure.

Except for the possibility of a large back-office operation not requiring street presence and image, the primary office use with site development is likely to be as an ancillary use to a major industrial user and/or as a limited component of a multi-tenant industrial park development.

RETAIL SPACE

As with office space, retail is not expected to represent a major component of the 35-acre Koski site. Potentials are greater if the Fleischer property is included with the assemblage. Limited retail is possible on a small-scale infill basis as may be to support on-site industrial, flex and possibly office employment. This is consistent with existing site zoning that limits some retail uses to a maximum of 10% of gross floor area of all buildings on the development site and gasoline stations as a conditional use.

As with the other commercial uses considered, this discussion begins with a review of regional retail trends, followed by more detailed discussion of leasing and development activity in the submarket that encompasses Leichner master plan properties.

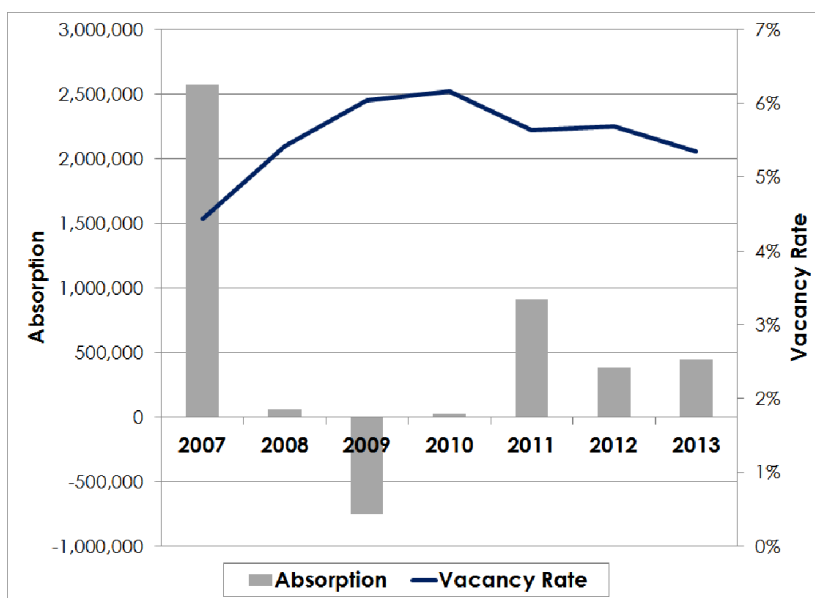
Regional Retail Market.

CoStar data indicates that the seven-county metro area market has more than 115 million square feet of competitive retail space. After experiencing more than 2.5 million square feet of net absorption in 2007, the retail development market cratered -- with almost no space demand to negative net absorption each of the following three years.

Vacancy rates went from less than 4.5% to more than 6%. However, even at the peak of the recession retail vacancies were well below rates that

continue to be experienced with office and flex space. The retail space market is now in an economic recovery phase. Positive absorption and declining vacancies have been experienced from 2011-13, though vacancies have not yet dropped back to pre-recession levels.

PDX Metro Retail Absorption & Vacancy (2007-13)



Sources: CoStar and E. D. Hovee & Company, LLC.

Leichner Area Retail Submarket. CoStar data indicates that the Leichner submarket area comprises approximately 1.8 million square feet of competitive retail space, both west and east of I-205. In effect, this submarket has about 9% of the competitive retail space in Clark County – as compared with 14% of population county-wide. While somewhat underserved relative to the immediate population, there is considerable retail nearby both to the south and north of this submarket – at or near the Westfield Vancouver mall and in Battle Ground, respectively.

Comparative Retail Market Indicators (Year-End 2013)

	Submarket Area	Clark County	Portland Metro
Total Inventory (SF)	1,767,205	18,752,194	115,548,120
% in a Center	71%	63%	48%
% Other	29%	37%	52%
Vacancy Rate	6.80%	7.60%	5.30%
Net Absorption (2013)	53,385	183,177	434,034
Planned SF	45,350	1,503,360	3,889,580
Construction SF	0	224,528	635,677
Rental Rates (nnn)			
Average	\$14.27	\$18.25	\$16.94
Range	Up to \$24.00	Up to \$35.00	Up to \$45.00

Sources: CoStar and E. D. Hovee & Company, LLC.

Other aspects of the localized market area most directly affecting Leichner site potentials for retail development are noted as follows:

- With 125 retail buildings in the CoStar database, average retail building size is over 14,000 square feet. The two largest retail stores in the area are a Fred Meyer in Orchards and a Costco on NE 84th Street – both of which range in size from 150-160,000 square feet.
- The largest multi-tenant retail center is Padden Crossing (totaling over 170,000 square feet with T-Mobile and Verizon as well as Costco as tenants). Fred Meyer Orchards also includes Chase Bank and Starbucks. The 127,000 square foot Orchard Village development includes Lowe's, Woody's Chicago Style and Carl's Jr as tenants.
- A relatively high 70% of the retail space in the Leichner submarket area is situated in a planned retail center location.
- Current vacancy is reported by CoStar at 6.8%, somewhat below the Clark County rate (at 7.6%) but above the metro region (5.3%).
- Reported rents locally average just over \$14 per square foot annually (reported on a triple net – tenant pays all expenses basis), which is below comparable rates county-wide and regionally. Top end of the submarket is up to \$24 per square foot.
- Net absorption for 2013 is shown at a positive 53,385 square feet – equating to 29% of absorption county-wide.

- While considerable retail development is again underway or planned both county-wide and regionally, there are no new retail projects currently under construction for the submarket pertinent to the Leichner master planned development. Just over 45,000 square feet of added retail is planned in smaller building increments. These planned projects range in size from 2,500 to 15,000 square feet at Bowyer Marketplace in Brush Prairie (restaurant and financial) and along NE 76th and 88th Streets.

Summary Notes. The Koski property is currently not well situated, zoned or configured for extensive retail development. Limited retail may be possible on a small-scale infill basis as it may provide ancillary support to predominant development of the property for on-site industrial, flex and possibly office employment.

If developed with the Koski property, the most likely location for retail (as with a restaurant, diner or pub) would be on the 94th Avenue street frontage. Attractiveness of this corridor for retail may be enhanced with street corridor improvements planned for 2015. Service retail uses (such as a small fitness center or copy/print/mail center) also might be possible at the interior of the site if included as tenants in a larger industrial or business park development.

Relatively low rents suggest a fairly utilitarian retail/support use. Retail site potentials are also improved if the Fleischer property is added to the Koski site, providing for more retail street frontage along NE 94th Avenue.

Most retail and related service/commercial tenants at this site would also be expected to be fairly small in size, generally ranging from about 1,500 to 3,500 square feet per tenant. Larger retail-related tenants might be accommodated subsequent to 94th Avenue corridor improvements if the Fleischer property were also included with the Koski property as a complete development package, and zoning amended on pertinent portions of the combined assemblage.

RESIDENTIAL DEVELOPMENT

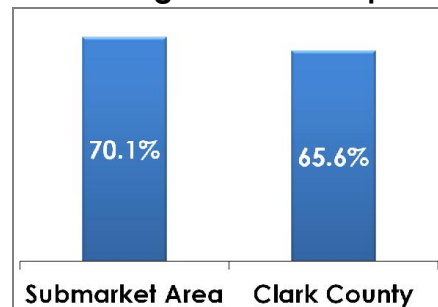
As of 2013, the submarket area encompassing the Leichner master plan area has a total of approximately 22,400 housing units. This submarket of Clark County is forecast to add nearly 1,500 households units in the five years from 2013-18 (averaging 300 new occupied units per year), and representing a 7% increase in occupied housing stock over this period.³

Other key features of Leichner submarket housing are summarized based on Claritas data as follows:⁴

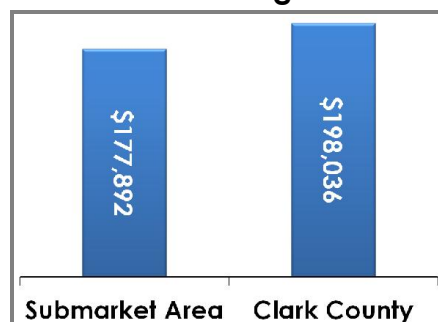
- The overwhelming majority of local occupied housing (70%) is owner-occupied – somewhat above the 66% ownership rate countywide.
- At close to \$178,000, median housing values are 10% below the countywide median; over 60% of units are valued in the \$100-\$200,000 price range.
- This market area is strongly single-family oriented, with 75% of the housing inventory comprised of 1-unit, detached residences.
- Area residents also are accustomed to living in housing of relatively recent construction vintage; 55% of all units locally have been built in 1990 or more recently.

Residential Affordability. The recent pick-up in single-family residential construction in Clark County reflects, in part, the improved affordability of housing – due to reasonable price points and low interest rates. Using an index developed by the University of Washington, index values (as illustrated on the next page) indicate greater ability of a middle income family to carry the mortgage payments on a median priced home.

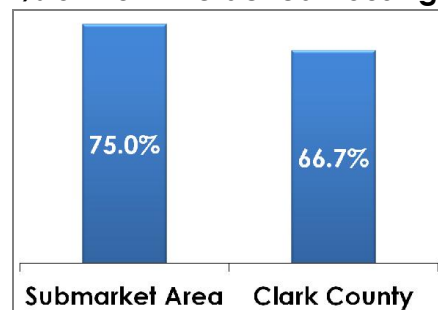
% Housing Owner-Occupied



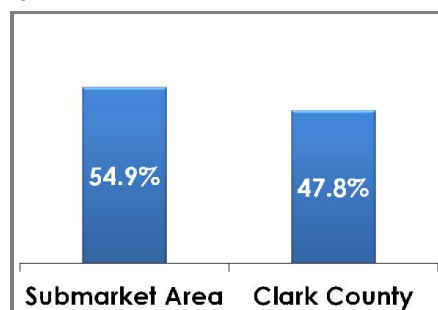
Median Housing Values



% of 1 Unit Detached Housing



% of Homes Built 1990 or Later

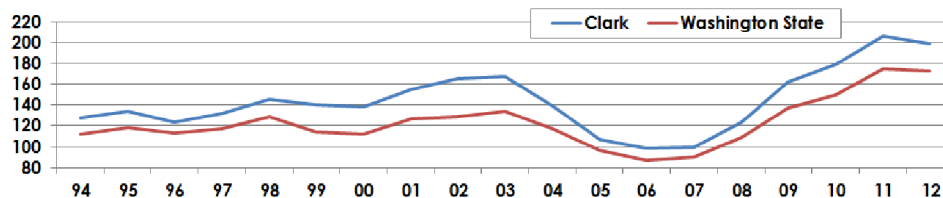


³ If 81.5% of new residences remain as single-family, the Claritas forecast would indicate annual absorption of 195 added single-family homes annually (rounded to 200 at a 2.5% vacancy factor).

⁴ Claritas is a national provider of demographic data customized to geographies as determined by the user. In addition to providing current estimates and trend data, the firm also provides 5-year forecasts for selected data items. Claritas is a division of The Nielsen Company.

Over the entire period from 1994-2013, Clark County also has maintained good affordability relative to the rest of Washington state.

Washington State Affordability Index

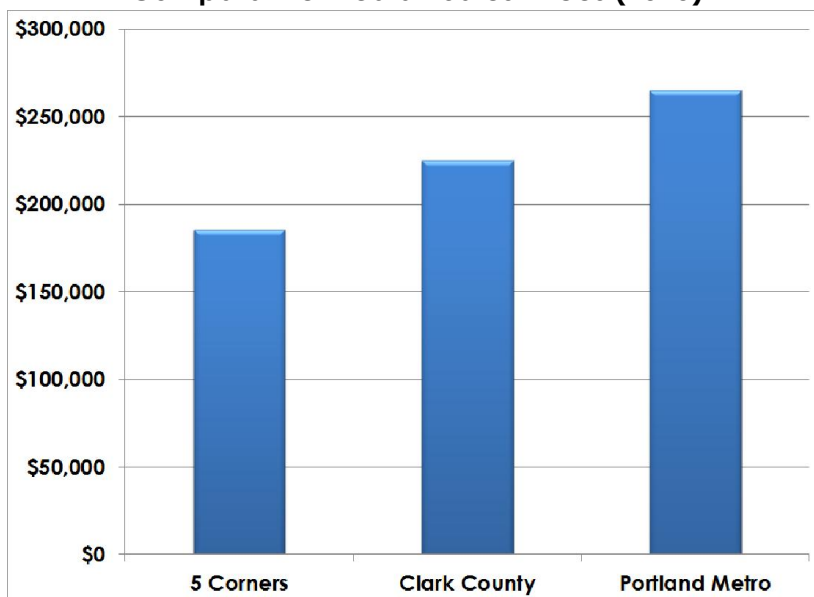


Source: Washington State Center for Real Estate Research (WCRER) at Runstad Center, University of Washington.

Residential Pricing. Single family home pricing data for *existing and new home construction* has been compiled for the Five Corners portion of the larger submarket – as indicative of trends potentially applicable to the northern residential portion of the Leichner property:

- Median sales price of a Five Corners home for 2013 was \$185,500; average price was somewhat more at \$195,500.
- Median prices for area sales were 18% below Clark County, and 30% below the Portland metro median price.
- However, average home prices for the Five Corners area homes increased by 25% in just the last year, almost double the 13% rate of price appreciation experienced county and region-wide.
- Total market time to sale dropped from 116 days in 2012 to 80 days in 2013. Market time is more favorable for this market subarea as compared with Clark County and the entire Portland metro area.

Comparative Median Sales Prices (2013)



Sources: RMLS, E. D. Hovee & Company, LLC. Appendix B has added detail.

While housing has been relatively affordable for the Five Corners area, there is considerable variation throughout the larger market subarea. Housing costs are generally higher to the north and east of the Leichner site than to the south or west. This is particularly the case for new home construction.

Summary Notes. As of 2013, new homes in the immediate proximity of Five Corners appear to be supporting pricing in the range of \$250,000. At about 2,000 square feet per unit, typical unit size is 10-15% smaller than the average new single family home being constructed in Clark County.

To the extent that housing at the northern edge of the Leichner master plan area can be developed and marketed as providing added amenity value, it is possible that a higher end product (with more square footage and/or higher value per square foot of structure) could be supported. The extent to which this is possible likely depends on purchaser perceptions of the amenity of being proximate to a potential recreation and open space amenity versus concerns over direct or indirect landfill contamination or monitoring related activities into the future.

RECREATION & OPEN SPACE USES

According to Clark County GIS data, there are 556 acres of in the land in the Leichner submarket area that have a zoning and comprehensive plan designation as parklands. This figure includes both public and privately owned properties.

Of this total, ten parks totaling 348 acres are currently developed and operated by Vancouver Parks and Recreation.

Subarea Parks Operated by Vancouver Parks & Recreation

Parks	Acres
Bosco Farm Park	12
Covington Neighborhood Park	5
Hockinson Meadows Park	240
Little Prairie Park	2
Oak Grove Neighborhood Park	4
Orchards Highlands Neighborhood Park	8
Orchards Park	58
Road's End Park	8
Sifton Neighborhood Park	5
Tiger Tree Neighborhood Park	6
Total	348

Sources: E. D. Hovee & Company, LLC from Vancouver Parks & Recreation website.

Other parklands in the subarea include public lands owned by Clark County but not yet developed and private ownerships as with the Green Meadows golf course and Glenwood Little League.

As documented previously by a 2012 analysis of potential Leichner master plan area reuses, there are two parks in closest proximity to the subject site. One park is playground-oriented and the other provides a trail system:

- The Orchards Highlands Neighborhood Park, located about five blocks to the east of the former Leichner landfill, features low impact uses such as trails.
- A small neighborhood park to the west of the property is shared with Sunset Elementary School (not part of the parks system operated by Vancouver Parks and Recreation).

All together, the 556 acres designated for parks use in the subarea equates to just over nine acres per 1,000 area residents. This is a greater acreage allocation than the approximately five acres per 1,000 residents county-wide.

While this preliminary data indicates a relative surplus of park-related land in the subarea (as compared with all of Clark County), there may yet be opportunity for additional park area development and open space. Park-related preservation of the former landfill could serve recreation needs of the most immediate adjoining residences east and north of the Leichner site and/or also serve larger regional needs for passive open space and associated event use.

MIXED USE DEVELOPMENT

Mixed use development can involve a combination of two or more of the commercial and/or residential land uses evaluated with this overview market assessment, coming in two forms:

- *Vertical mixed use* – where two uses such as residential and retail are combined in a single multi-story building. This typically occurs in a more urban setting associated with higher land values than are found in the Leichner master plan area. Vertical mixed use is not anticipated with any significant portion of redevelopment for this site area.
- *Horizontal mixed use* – occurring when two uses are located next to each other, often though not always in separate buildings. An example would be a business park that includes a mix of industrial, office and some support retail service tenants. The large acreage and distinct character of various portions of the Leichner property could be supportive of some form of horizontal mixed use.

The form of horizontal mixed use that appears most supportable from this market review likely would involve an industrial-led development on the Koski (and possibly the adjoining Fleischer) properties. Horizontal mixed use could occur with some complementary office and/or retail, passive recreation/open space on the capped landfill portion of the site, and with single family residential at the northern end of the property (north of 99th Street).

LAND VALUATION

Information regarding land values is of interest with respect to understanding the marketability of the subject Leichner master plan properties for future redevelopment – especially for the Koski and Fleischer sites. Data obtained with this initial Phase 1 overview report will become of greater relevance with Phase 2 refined analysis of financial feasibility for reuse including supportable land valuation.

With this initial assessment, existing land value information has been reviewed from two perspectives:⁵

- Current tax assessed values for industrially designated properties adjoining the Leichner land fill but which are not subject to the consent decree. Assessed values of these sites generally appear to range between about \$2.50-\$3.00 per square foot.
- Twelve industrial land sales transactions on parcels of 5-20 acres in Clark County between 2011-14. Market transaction values ranged from less than \$1.50 to nearly \$6.00 per square foot, averaging about \$3.00. Market valuation appears somewhat above the tax assessed land value of these properties of about \$2.25 per square foot.

This initial review indicates a reasonable correspondence between the assessed values of Leichner area industrial sites and recent market transactions county-wide. However, site by site review may indicate the need for adjustments to reflect extraordinary costs that might be needed to make specific properties *shovel-ready* without undue site or cost constraints.

More in-depth review of potential sales and lease values may be made with Phase 2 of this analysis. A more detailed determination of supportable land values will also take into account extraordinary costs associated with landfill-related issues as have been documented by prior property appraisal analysis. This more in-depth review can also be aimed to address questions raised by participants through discussion with the Real Estate Expert Panel.

DEVELOPMENT OPTIONS SUMMARIZED

This report has assessed market trends and prospects for an array of uses that could be considered for portions of the Leichner landfill master plan area. Uses considered have included industrial, flex, office, retail, single family residential, recreation/open space, and mixed use.

The chart on the following page provides a summary *matrix comparison* of the suitability of these uses in terms of such factors as market trends, site advantages and disadvantages, potential economic returns, key issues to be addressed, and implementation requirements.

⁵ Clark County tax assessed valuations are as of 2013. Land transaction data is based on a compilation by CoStar.

Leichner Landfill Area Master Plan - Comparative Reuse Matrix

Potential Site Use	Market Opportunity	Site Advantages	Site Disadvantages	Economic Returns	Key Issues to Address	Implementation Requirements
Industrial	Strong, especially for distribution	<ul style="list-style-type: none"> • I-205 proximity + local access • Good blue collar labor force 	<ul style="list-style-type: none"> • Deep / narrow configuration • Adjacency to residential uses 	<i># Jobs:</i> Mid <i>Wages:</i> High <i>Taxes:</i> Mid	<ul style="list-style-type: none"> • Truck access • Housing buffer • Extraordinary site costs w/landfill 	Secure single developer, discount price to market
Flex Space	Modest with build-to-suit or pre-lease	<ul style="list-style-type: none"> • Potential mix w/ industrial space • NE Clark County labor force 	<ul style="list-style-type: none"> • Low area rents & high vacancies • Distance from tech corridors 	<i># Jobs:</i> Mid-High <i>Wages:</i> High <i>Taxes:</i> Mid	<ul style="list-style-type: none"> • Siting to open space amenity • Creating value to support high rent 	Reserve high-amenity site area; market to anchor flex user or tenant
Office	Limited to back-office or build-to-suit	<ul style="list-style-type: none"> • Potential mix w/ industrial space • For back office not requiring street presence 	<ul style="list-style-type: none"> • Low area rents & high vacancies • Limited street presence 	<i># Jobs:</i> High <i>Wages:</i> Mid-High <i>Taxes:</i> Mid	<ul style="list-style-type: none"> • Siting to open space amenity • Creating value to support high rent 	Site plan for high amenity office use plus parking requirements
Retail	Limited to small scale, ancillary retail/service use	<ul style="list-style-type: none"> • Potential support to industrial use • Enhanced w/ Fleischer site 	<ul style="list-style-type: none"> • Zoning restriction to ancillary use • Limited street frontage 	<i># Jobs:</i> Mid <i>Wages:</i> Low-Mid <i>Taxes:</i> High	<ul style="list-style-type: none"> • Street frontage for pad site(s) • Integration with Fleischer site 	Target preferred retail to support on-site jobs + neighborhood
Single Family Residential	Strong for housing on north side of former landfill	<ul style="list-style-type: none"> • Nearby housing (north side) • Potential amenity of open space 	<ul style="list-style-type: none"> • Small site size (8 acres) • Perception of land fill proximity 	<i># Jobs:</i> High during construction only <i>Wages:</i> Mid-High <i>Taxes:</i> Mid	<ul style="list-style-type: none"> • Setting market niche for housing • Designing landfill pond as amenity 	Develop separately from Koski property
Recreation / Open Space	Good for passive neighborhood or regional open space	<ul style="list-style-type: none"> • Large open space for passive use • Possible outdoor event space 	<ul style="list-style-type: none"> • Not suitable for active sports use • Use conflicts with adjoining housing 	<i># Jobs:</i> Low <i>Wages:</i> Low-Mid <i>Taxes:</i> None-Low	<ul style="list-style-type: none"> • Parking to serve non-local events? • Commercial event potential? 	Master plan with credibility to attract full site reuse
Mixed Use	Most likely if led by industrial anchor user	<ul style="list-style-type: none"> • Separate housing & industrial areas 	<ul style="list-style-type: none"> • Site configuration limits mix options 	<i># Jobs:</i> Mid-High <i>Wages:</i> High <i>Taxes:</i> Mid	<ul style="list-style-type: none"> • Integration with Fleischer site • Which use leads? 	Focus on recreation plan & industry first

Source: E. D. Hovee & Company, LLC. Analysis is preliminary, intended for illustrative purposes, and subject to revision.

What follows is a summary of preliminary findings and recommendations from this analysis.

Market Opportunity. Of the reuse potentials considered, the Leichner master plan area appears to offer the strongest market opportunity for industrial development on the Koski and (potentially) the adjoining Fleischer properties. While a manufacturing use is possible, this submarket of Clark County appears to be particularly well suited for distribution or related transportation related uses due to its ready access to I-205. It is possible that industrial reuse could be complemented by some portion of the site being developed by flex, office and/or limited ancillary retail space.

Passive recreation/open space represents the best (and perhaps only viable) economic reuse associated with the capped landfill portion of the site. Single family residential offers good potential for the 8 acres north of what could be an extended 99th Street corridor. All site reuses are conditioned on both real and perceived environmental issues associated with landfill reclamation and monitoring being successfully addressed in perpetuity.

Site Advantages. As noted above, the property's proximity to I-205 represents perhaps its greatest asset for industrial and related site reuse. Access to a good blue collar and service labor force together with affordable housing also could be important to the firms that might be recruited to the Koski (and potentially Fleischer) portions of the site.

For single family and recreation/open space uses, the site benefits from proximity to an established neighborhood centrally located in Clark County. Potential for reuse as an outdoor event venue would also benefit from the large open space available plus outstanding clear-weather views to Mount St. Helens.

Site Disadvantages. For industrial and associated commercial reuses, primary disadvantages or challenges are associated with the deep and rather narrow configuration of the Koski site (with limited street frontage) and with adjacency to residential (creating potential use conflicts). This may reduce building site coverage and associated land value. For supporting commercial flex and office uses, site competitiveness may also be hampered by relatively low rents and high vacancies as compared to elsewhere in Clark County and regionally.

For open space/recreation, the primary market-related disadvantage is that environmental and topographic considerations will likely preclude active sports field use. For residential, limiting factors are the small size of the site area available (at only 8 acres), need for completed 99th Street extension and perceived or real issues associated with proximity to a former landfill.

Economic Returns. With this analysis, economic returns have been considered on a preliminary basis from three perspectives:

- *# of jobs created* – which is related to building site coverage and number of workers per square foot of building area. Of the uses considered, office typically yields the highest levels of employment on a square foot or per acre basis – followed by flex, retail, industrial manufacturing and then distribution.

Job impacts for residential are typically limited to temporary one-time benefits associated with home construction together with any on-going home occupation uses. There may be little to no job direct impact associated with recreation/open space use – except possibly as an outdoor event venue (as for weddings). Job potential with mixed use will be dependent on the proportion of the site developed for each of the uses separately, then added together.

- *Wage rates* – typically are relatively high for industrial and professional office uses, then lower for retail. However, there is considerable wage rate variation within particular employment sectors depending on the wage profile of each individual business.

Some manufacturing or distribution firms pay extremely well, others not so well. While retailing is generally lower paying (and with a higher proportion of part-time and entry level workers), there are some retailers that pay wages competitive with industrial uses.

- *Tax revenues* – focused on returns to Clark County and other local jurisdictions including schools. Due to the combination of growing reliance on sales tax and the 1% property tax limitation, tax revenues per square foot of building in Washington tend to be highest for retail related uses (except for grocery and pharmacy items which are tax exempt).

Construction activity is also represents a strong source of sales tax generation, though of temporary duration when considered on a site-specific basis. Recreation and open space can be expected to generate minimal to no tax revenues, especially as the capped landfill site is expected to remain exempt from property taxes due to public ownership.

More detailed quantitative estimates of economic returns that might be anticipated will be conducted with Phase 2 assessment refinement. This will occur as reuse options are narrowed based on stakeholder and public input in consultation with Clark County.

Key Issues to Address. Issues are identified from the perspective of their importance to market feasibility and will vary somewhat by use considered. Key issues that could serve to make or break the market appeal for industrial use include ability to provide suitable truck access to the site, appropriate buffering with adjoining residential uses (related to business operating characteristics as for noise, lighting, and security), and the extraordinary costs of development associated with landfill proximity that may make this site non-competitive with other unimpaired greenfield sites elsewhere in Clark County or regionally.

For flex space and office use, orientation to an open space amenity may be important to increase business tenant appeal and support higher rents to defray costs of construction. For retail uses (though limited), street frontage for pad sites including integration with the Fleischer site could nonetheless prove instrumental.

For residential, designing the 99th Street corridor and nearby landfill pond as an amenity feature could be useful to address potential homebuyer concerns if not create added property value. For mixed (industrial/commercial) development, integration with the Fleischer property becomes of greater importance for added site area and street frontage. A related question will be to determine which use has the greatest potential to kick-off the development, creating momentum for eventual build-out of developable portions of the full master plan area.

Implementation Requirements. Priority actions to better assure site market feasibility are closely tied to key issues which vary by use considered, as follows:

- *Industrial* – feasibility is most sensitive to extraordinary factors that affect cost of development because the per acre value of land supported by industrial is generally less than for other uses. To be competitive for development with unimpaired greenfield sites, pricing of the Koski property will need to be discounted for these extraordinary factors and/or responsibility for mitigation undertaken by the County rather than the site developer. Also recommended is that the County select a single development entity with experience and capacity to redevelop and sustain a viable project complicated by on-going environmental compliance requirements.
- *Flex space* – market capture could be integrally linked to reservation of high amenity portions of the site for this use coupled with aggressive marketing to an anchor flex space user or tenant.
- *Office* – development involves similar considerations as for flex space, including a site plan that identifies suitable location within the property for a high amenity office use plus addressing greater parking requirements of office as compared with industrial/flex space.
- *Retail* – due to size limitations of current zoning, it is recommended that a targeted approach be taken to identified preferred types of retail that would be most useful to support on-site job uses and immediate surrounding neighborhood priorities (primarily for smaller scale convenience service retail).
- *Single family residential* – is recommended to be developed separately from the Koski property via sale to a qualified developer with experience in marketing residential in proximity to adjoining remediation sites.
- *Recreation/open space* – trail and recreational development is recommended to proceed based on a master plan process aimed not only to accommodate passive recreation but also to accommodate potential event uses, creating amenity value for adjoining employment and residential development.
- *Mixed use* – development is most likely to be driven by a recreation/open space master plan integrating the full site together with securing an industrial anchor user.

Next Steps. Questions and suggestions related to any aspect of the Phase 1 market overview report are welcome. As appropriate, revisions and further research to supplement this initial analysis will be made based on comments received as a basis for Phase 2 assessment refinement.

The current list of reuse options will be narrowed in consultation with Clark County. For each reuse priority, the Phase 2 analysis will describe potential market support (in terms of land needs and time required for absorption), suitable land pricing (net of extraordinary remediation/monitoring costs), and resulting economic benefits.

APPENDIX. SUPPLEMENTAL DATA TABLES

On the following pages are provided detailed supplemental data tables used for this overview market analysis:

- Population Demographics
- Household & Income Profile
- Employment & Transportation Indicators
- Housing Profile
- Submarket Area Industrial Properties
- Submarket Area Flex Properties
- Submarket Area Office Properties
- Submarket Area Retail Centers
- Single Family Housing Sales

Population Demographics (Claritas)

Description	Estimated Submarket Area	Number Clark County
Population		
2018 Projection	65,758	468,522
2013 Estimate	61,412	441,228
2010 Census	58,839	425,363
2000 Census	44,262	345,240
Growth 2013-2018	7.08%	6.19%
Growth 2010-2013	4.37%	3.73%
Growth 2000-2010	32.93%	23.21%
2013 Est. Population by Age (%)	61,412	441,228
Age 0 - 4	4,726	30,925
Age 5 - 9	4,635	30,770
Age 10 - 14	4,734	32,542
Age 15 - 17	2,926	20,123
Age 18 - 20	2,472	17,315
Age 21 - 24	3,141	22,119
Age 25 - 34	8,073	53,666
Age 35 - 44	8,853	59,846
Age 45 - 54	8,374	62,389
Age 55 - 64	6,890	55,639
Age 65 - 74	3,946	33,909
Age 75 - 84	1,739	15,108
Age 85 and over	901	6,877
2013 Est. Median Age	35.0	37.2
2013 Est. Average Age	35.7	37.4
2013 Est. Pop Age 15+ by Marital Status (%)	47,316	346,991
Total, Never Married	13,654	92,986
Males, Never Married	7,120	49,381
Females, Never Married	6,533	43,605
Married, Spouse present	24,125	183,243
Married, Spouse absent	1,884	12,911
Widowed	2,152	16,746
Males Widowed	382	3,383
Females Widowed	1,770	13,363
Divorced	5,500	41,105
Males Divorced	2,468	17,868
Females Divorced	3,032	23,237
2013 Est. Pop. Age 25+ by Edu. Attainment (%)	38,777	287,434
Less than 9th grade	971	8,701
Some High School, no diploma	2,589	17,139
High School Graduate (or GED)	11,980	78,332
Some College, no degree	11,850	83,788
Associate Degree	3,695	27,973
Bachelor's Degree	5,099	46,344
Master's Degree	2,033	19,113
Professional School Degree	399	3,962
Doctorate Degree	162	2,082

Household & Income Profile (Claritas)

Description	Submarket Area	Clark County
Households		
2018 Projection	22,768	174,503
2013 Estimate	21,286	164,028
2010 Census	20,451	158,099
2000 Census	15,441	127,210
Growth 2013-2018	7.0%	6.4%
Growth 2010-2013	4.1%	3.8%
Growth 2000-2010	32.5%	24.3%
2013 Est. Households by Household Type (% of Total)		
Family Households	73.8%	70.0%
Nonfamily Households	26.2%	30.0%
2013 Est. HHs by HH Income (%)		
CY HHs, Inc < \$15,000	8.2%	10.3%
CY HHs, Inc \$15,000 - \$24,999	8.9%	9.6%
CY HHs, Inc \$25,000 - \$34,999	10.9%	11.0%
CY HHs, Inc \$35,000 - \$49,999	17.7%	15.9%
CY HHs, Inc \$50,000 - \$74,999	25.0%	21.9%
CY HHs, Inc \$75,000 - \$99,999	14.7%	13.8%
CY HHs, Inc \$100,000 - \$124,999	8.0%	7.8%
CY HHs, Inc \$125,000 - \$149,999	2.6%	3.6%
CY HHs, Inc \$150,000 - \$199,999	2.7%	3.9%
CY HHs, Inc \$200,000 - \$249,999	0.6%	0.9%
CY HHs, Inc \$250,000 - \$499,999	0.6%	1.1%
CY HHs, Inc \$500,000+	0.1%	0.2%
2013 Est. Average Household Income	\$63,027	\$66,407
2013 Est. Median Household Income	\$54,296	\$53,640

Employment & Transportation Indicators (Claritas)

Description	Submarket Area	Clark County
2013 Est. Pop Age 16+ by Employment Status (% of Total)		
In Armed Forces	0.3%	0.3%
Civilian - Employed	59.7%	57.2%
Civilian - Unemployed	8.3%	8.0%
Not in Labor Force	31.6%	34.6%
2013 Est. Civ Employed Pop 16+ by Occupation (%)		
Architect/Engineer	2.4%	3.0%
Arts/Entertain/Sports	1.7%	1.8%
Building Grounds Maint	3.5%	3.3%
Business/Financial Ops	3.7%	5.2%
Community/Soc Svcs	1.3%	1.6%
Computer/Mathematical	2.3%	2.3%
Construction/Extraction	4.7%	4.7%
Edu/Training/Library	5.3%	5.3%
Farm/Fish/Forestry	0.1%	0.3%
Food Prep/Serving	4.4%	4.4%
Health Practitioner/Tec	3.5%	4.6%
Healthcare Support	2.8%	2.3%
Maintenance Repair	4.3%	3.6%
Legal	1.1%	0.9%
Life/Phys/Soc Science	0.4%	0.5%
Management	8.4%	10.1%
Office/Admin Support	16.1%	14.3%
Production	8.1%	6.0%
Protective Svcs	1.8%	2.3%
Sales/Related	9.2%	10.8%
Personal Care/Svc	4.8%	4.1%
Transportation/Moving	10.4%	8.6%
2013 Est. Pop 16+ by Occupation Classification (%)		
Blue Collar	27.5%	22.8%
White Collar	55.2%	60.5%
Service and Farm	17.3%	16.7%
2013 Est. Households by Number of Vehicles (% of Total)		
No Vehicles	3.1%	4.8%
1 Vehicle	28.0%	29.7%
2 Vehicles	43.4%	41.7%
3 Vehicles	17.1%	16.0%
4 Vehicles	5.4%	5.0%
5 or more Vehicles	2.9%	2.8%
2013 Est. Workers Age 16+, Transp. To Work (%)		
Drove Alone	78.6%	78.6%
Car Pooled	12.6%	10.0%
Public Transportation	1.7%	2.4%
Walked	0.9%	1.4%
Bicycle	0.3%	0.5%
Other Means	1.2%	1.3%
Worked at Home	4.7%	5.9%
2013 Est. Workers Age 16+ by Travel Time to Work (%)		
Less than 15 Minutes	23.1%	25.0%
15 - 29 Minutes	44.2%	40.8%
30 - 44 Minutes	20.0%	21.5%
45 - 59 Minutes	6.6%	7.1%
60 or more Minutes	6.1%	5.6%
2013 Est. Avg Travel Time to Work in Minutes	27.4	27.2

Housing Profile (Claritas)

Description	Submarket Area	Clark County
2013 Est. Tenure of Occupied Housing Units (%)		
Owner Occupied	70.1%	65.6%
Renter Occupied	29.9%	34.4%
2013 Owner Occ. HUs: Avg. Length of Residence (Years)	13.5	14.2
2013 Renter Occ. HUs: Avg. Length of Residence (Years)	5.8	6.1
2013 Est. All Owner-Occupied Housing Values (% of Total)		
Value Less than \$20,000	2.7%	2.6%
Value \$20,000 - \$39,999	1.0%	1.2%
Value \$40,000 - \$59,999	1.0%	0.9%
Value \$60,000 - \$79,999	0.9%	1.0%
Value \$80,000 - \$99,999	2.0%	2.3%
Value \$100,000 - \$149,999	18.8%	15.5%
Value \$150,000 - \$199,999	42.2%	27.6%
Value \$200,000 - \$299,999	22.7%	28.8%
Value \$300,000 - \$399,999	6.1%	12.1%
Value \$400,000 - \$499,999	0.9%	2.8%
Value \$500,000 - \$749,999	1.3%	4.0%
Value \$750,000 - \$999,999	0.1%	0.3%
Value \$1,000,000 or more	0.1%	0.8%
2013 Est. Median All Owner-Occupied Housing Value	\$177,892	\$198,036
2013 Est. Housing Units	22,412	173,730
2013 Est. Housing Units by Units in Structure (% of Total)		
1 Unit Attached	3.8%	6.2%
1 Unit Detached	75.0%	66.7%
2 Units	1.1%	2.9%
3 or 4 Units	3.7%	4.3%
5 to 19 Units	7.5%	9.1%
20 to 49 Units	1.2%	2.0%
50 or More Units	3.3%	4.4%
Mobile Home or Trailer	4.4%	4.3%
Boat, RV, Van, etc.	0.1%	0.2%
2013 Est. Housing Units by Year Structure Built (%)		
Housing Unit Built 2005 or later	10.6%	7.9%
Housing Unit Built 2000 to 2004	15.6%	13.7%
Housing Unit Built 1990 to 1999	28.8%	26.2%
Housing Unit Built 1980 to 1989	12.3%	13.4%
Housing Unit Built 1970 to 1979	19.2%	19.1%
Housing Unit Built 1960 to 1969	6.9%	7.1%
Housing Unit Built 1950 to 1959	3.1%	4.8%
Housing Unit Built 1940 to 1949	2.0%	3.5%
Housing Unit Built 1939 or Earlier	1.7%	4.4%
2013 Est. Median Year Structure Built	1992	1988

Sources: Claritas, E. D. Hovee & Company, LLC.

Submarket Area Industrial Properties (50,000+ Square Feet)

Name	Building Address	RBA (SF)
Barberton Industrial Park	10016-10020 NE 72nd Ave	203,808
Wubben Industrial Park	11218-11606 NE 66th St	163,369
EastRidge Business Park	11917-12609 NE 95th St	149,693
Opus/205 Commerce Center	5900 NE 88th St	130,900
Luukkala Industrial Park	7000 NE 40th Ave	114,800
Premier Pump & Power LLC	7600 NE 47th Ave	75,032
Central Industrial Park	6000 NE 88th St	68,840
Rubber & Plastics, Inc	7401 NE 47th Ave	63,715
Minnehaha Corporate Center	4208-4220 NE Minnehaha St	57,610

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.
Ownership totals include multi-building assemblages.

Submarket Area Flex Properties (All Sizes)

Name	Building Address	RBA (SF)
EastRidge Business Park	11719-12906 NE 95th St	335,011
Cold Creek Industrial Park	4510 NE 68th Dr	44,316
McSteven's Inc	5600 NE 88th St	38,270
M2J Business Park	6300 NE St James Rd	34,494
Erickson Enterprises LLC	7811-7939 NE St Johns Rd	32,923
CHS Pharmacy Corporation	6600 NE 112th Ct	30,960
Major Foster Business Park	8901 NE 117th Ave	20,000
Klineline Center	11815 NE Highway 99	18,000
Hot Rod Engineering	4117 NE Minnehaha St	16,639
Laser Materials Corporation	12603 NE 95th St	10,000
Event Media Management	6716 NE 117th Ave	8,060
Interconnect Sales, Inc.	12011 NE 95th St	7,514
CH Kruse Plumbing, Inc	5800 NE 88th St	4,204

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.
Ownership totals include multi-building assemblages.

Submarket Area Office Properties (10,000+ Square Feet)

Name	Building Address	Class	RBA (SF)
EastRidge Business Park	11805-12518 NE 99th St	B	88,752
Orchards Center	10621-10637 NE Coxley Dr	C	32,000
Northwest Public Power Association	9817 NE 54TH St	C	11,900
117th Avenue Building	6407 NE 117th Ave	C	10,000

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.
Ownership totals include multi-building assemblages.

Submarket Area Retail Centers (Multi-Tenant)

Name	Building Address	RBA (SF)	Major Tenants
Padden Crossing	6717-6720 NE 84th St	170,712	Costco, T-Mobile, Verizon Wireless
Fred Meyer Orchards	7205-7411 NE 117th Ave	166,472	Fred Meyer, Chase Bank, Starbucks
Orchard Village	11413 NE 76th St	126,658	Lowe's, Woody's Chicago Style, Carl's Jr
Evergreen Plaza	11710-12010 NE Fourth Plain Rd	113,903	Bi-Mart, AutoZone, Cricket
Andresen Marketplace	6709-6715 NE 63rd St	112,637	Safeway, Starbucks, Subway, Brewed Awakenings
Bowyer Marketplace	11602-11608 NE 119th St	108,700	Winco, Fairway Coffee
Orchards Center	10401-10411 NE Fourth Plain Blvd	106,650	YMCA of Columbia-Willamette, Orchards E-Z Wash, Pho Saigon
Padden Market Center	13501-13620 NE 84th St	86,581	Albertsons, The UPS Store, Chase Bank, Subway
Orchard Plaza	11500-11606 NE 76th St	68,750	Safeway, Dollar Tree, Pizza Hut
Orchards Green	11717 NE 78th Way	26,587	Hertz, Quiznos, Radio Shack, Supercuts
M & O Properties	9310-9322 NE 76th St	24,590	Farmers Insurance, California Tan, Five Corners Appliance Co
Centerpointe Retail Center	8720 NE Centerpointe Dr	24,055	Cascade Dental, Starbucks, Supercuts
Concerto Square	3414 NE 52nd St	14,283	LF Staffing Services Inc, Laboratory of Dental Arts, UBuildIt
Heritage Plaza	15630 NE Fourth Plain Blvd	10,100	Beyond Beauty Hair-Nails Spa, Premier Mortgage
Orchard Pointe Plaza	10303 NE Fourth Plain Blvd	9,241	Bella Via Salon, Tropical Image Tanning, Begin Right
EastRidge Business Park	11701 NE 95th St	7,830	Driving 101, Orchards Chiropractic Clinic, Tan Me LLC
St Johns Plaza	4219 NE St. Johns Rd	2,534	Benny's Pizza Café

Sources: CoStar and E. D. Hovee & Company, LLC, as of year end 2013.

Single-Family Housing Sales (RMLS)

December 2013 YTD				December 2012 YTD		
	Average Sale Price	Median Sale Price	Total Market Time	Average Sale Price	Median Sale Price	Total Market Time
5 Corners	195,500	185,500	80	156,400	150,000	116
Clark County	250,300	224,900	100	222,100	194,500	103
Portland Metro	310,600	265,000	83	275,000	235,000	112

Sources: RMLS Market Action, E. D. Hovee & Company, LLC.